

Message Text

LIMITED OFFICIAL USE

PAGE 01 NASSAU 01123 292307Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 INT-05 OPIC-03
PA-01 PRS-01 USIA-06 EUR-12 CIAE-00 INR-07
NSAE-00 /058 W
-----010398 292320Z /66

R 291844Z JUL 77
FM AMEMBASSY NASSAU
TO SECSTATE WASHDC 9624
AMEMBASSY KINGSTON
AMEMBASSY PARAMARIBO

LIMITED OFFICIAL USE NASSAU 1123

E.O. 11652: N/A
TAGS: EINV ECON BF US
SUBJ: NEW PRODUCTION FACILITY AT BAHAMA CEMENT; LOCAL
CONSTRUCTION COSTS TO INCREASE

REF: (A) NASSAU A-24, (B) NASSAU A-8, (C) NASSAU A-19

BEGIN UNCLASSIFIED

1. FOLLOWING IS TEXT OF BAHAMA CEMENT COMPANY, FREEPORT,
GRAND BAHAMA, THE BAHAMAS, PRESS RELEASE DATED JULY 15, 1977:
"JAMES E. JENKS, PRESIDENT OF BAHAMA CEMENT CO., REPORTED
TODAY THAT NEGOTIATIONS WITH A MAJOR EUROPEAN FIRM
LEADING TO A POSSIBLE JOINT VENTURE FOR THE CONVERSION OF
PART OF THE BAHAMA CEMENT COMPANY PLANT EQUIPMENT TO THE
PRODUCTION OF A MINERAL PRODUCT OTHER THAN CEMENT WERE
PROGRESSING QUITE FAVORABLY. IN LATE JANUARY OF THIS
YEAR THE CESSATION OF PORTLAND CEMENT PRODUCTION AT
THE FREEPORT MANUFACTURING FACILITY WAS ANNOUNCED. WHILE
IT IS TOO EARLY TO SAY THAT IT IS DEFINITELY A GO SITUATION,
MR. JENKS SAID, WE ARE MOST ENCOURAGED WITH PRELIMINARY
FEASIBILITY STUDY AND WITH THE NEGOTIATIONS BETWEEN
THE PARTIES TO DATE. WE ARE VERY HOPEFUL THAT THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NASSAU 01123 292307Z

MORE ADVANCED STUDIES NOW IN PROGRESS AND
THE DETAILED NEGOTIATIONS WILL CONTINUE AS FAVORABLY,
PERMITTING AN AFFIRMATIVE DECISION IN THE NEAR FUTURE."

2. EMBASSY NOTES THAT BAHAMA CEMENT, AN ESTIMATED U.S.
\$75 MILLION WHOLLY-OWNED SUBSIDIARY OF U.S. STEEL AND SECOND
LARGEST U.S. INVESTMENT IN THE BAHAMAS, FIRST BEGAN

OPERATIONS IN OCTOBER 1964, PRODUCING CEMENT FOR THE BAHAMAS MARKET (ITS SOLE PRODUCER) AND FOR EXPORT, PRIMARILY TO FLORIDA. IN FY 1976 IT PRODUCED 298,563 NET TONS VALUED AT \$7,370,000 (REF A).

3. JENKS, IN THE NASSAU TRIBUNE ARTICLE OF JULY 27 REMARKS THAT HIS COMPANY STOPPED PRODUCTION OF CEMENT IN MAY (REF B) AND THAT AT PRESENT IS SHIPPING OUT CEMENT FROM ITS STOCKPILE WHICH WILL RUN OUT AUGUST 7. TRIBUNE ALSO REPORTS MAJOR NEW PROVIDENCE CONSTRUCTION FIRM'S ALLEGED COST OF THREE BEDROOM/TWO BATHROOM HOME WILL RISE FROM CURRENT \$40,000 TO \$42-\$43,000 IN AUGUST WHEN LOCAL MARKETING OF BAHAMAS CEMENT WILL COME TO AN END. CEMENT WHICH AT PRESENTLY REPORTEDLY CONSTITUTES 10 PERCENT CONSTRUCTION COSTS OF HOME WILL THUS RISE TO ABOUT 15 PERCENT (AN EMBASSY CHECK WITH TWO MAJOR CONSTRUCTION FIRMS CONFIRMED THE RELIABILITY OF THESE FIGURES). OVERALL, THE TRIBUNE ALLEGES, THE "CEMENT PRICE INCREASE WILL DEAL ANOTHER CRIPPLING BLOW TO AN ALREADY AILING BUILDING INDUSTRY." IN A RELATED DEVELOPMENT, BY MEANS OF THE PRICE CONTROL (CEMENT) REGULATIONS, 1977, APPEARING IN THE OFFICIAL GAZETTE JULY 14, THE MINISTRY OF FINANCE'S PRICE COMMISSION HAS FIXED THE MAXIMUM RETAIL PRICE OF 100 LB BAG OF CEMENT PRODUCED IN THE BAHAMAS AT \$3.33 AND THE PRICE OF AN IMPORTED BAG AT \$5.16 - AN INCREASE OF \$1.83.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NASSAU 01123 292307Z

END UNCLASSIFIED - BEGIN LIMITED OFFICIAL USE

4. COMMENT: JENKS IN INTERVIEW WITH EMBOFFS JULY 23 IN FREEPORT WOULD NOT REVEAL THE NAME OF MINERAL OR EUROPEAN FIRM INVOLVED IN NEGOTIATIONS (PARA 1 ABOVE). OTHER BUSINESS SOURCES IN FREEPORT, HOWEVER, SAID THE PARTIAL REOPENING OF BAHAMA CEMENT PLANT WOULD INVOLVE THE PROCESSING OF BAUXITE, ORIGINATING IN SURINAM WITH WESTERN EUROPE AS THE EVENTUAL MARKET. JENKS EMPHASIZED, HOWEVER, THAT THE EUROPEAN FIRM FIRST APPROACHED U.S. STEEL ON THE PROPOSAL. U.S. STEEL DID NOT INITIATE THE JOINT VENTURE PROPOSAL. JENKS ADDED THAT HE HAD RECEIVED SEVERAL INQUIRIES CONCERNING SALE OF THE PLANT AND PIECES OF EQUIPMENT BUT EMPHASIZED THE PLANT IS NOT FOR SALE. THE PORTION OF THE PLANT TO BE CONVERTED INTO "MINERAL" PRODUCTION WOULD BE IN PARTNERSHIP OR JOINT VENTURE WITH THE EUROPEAN FIRM. HE HOPED THAT IF THIS PROVES TO BE SUCCESSFUL, OTHER PORTIONS OF THE PLANT COULD BE ADOPTED TO OTHER INDUSTRIAL USES. JENKS SAID HIS 1500 FT. DOCK WOULD CONTINUE TO BE USED BUT THAT THE PLANT'S ELECTRIC PLANT WOULD REMAIN SHUT DOWN BECAUSE OF

ITS OLD EXPENSIVE OPERATING EQUIPMENT. ELECTRICITY WOULD BE BOUGHT FROM THE FREEPORT POWER AND LIGHT COMAPNY. ONCE NEGOTIATIONS ARE CONCLUDED IT WOULD TAKE PERHAPS UP TO 12-15 MONTHS BEFORE CONVERSION IS COMPLETED AND NEW INDUSTRIAL PRODUCT IS BEING PRODUCED. JENKS SAID NEW PRODUCTION FACILITY MAY DIRECTLY EMPLOY 75 PEOPLE.

5. COMMENTING ON THE PRICE OF CEMENT, JENKS SAID THA BAHAMA CEMENT HAD LOST ABOUT 500,000 U.S. DOLLARS IN ITS OPERATIONS IN 1976. BECAUSE OF THIS HE HAD ASKED THE PRICE COMMISSION TO AUTHORIZE A 75 CENT PER 100 LB BAG INCREASE FOR DOMESTICALLY PRODUCED CEMENT. THIS, HE ALLEGES, WAS TURNED DOWN BECAUSE GCOB DID NOT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NASSAU 01123 292307Z

LIKE HIS LOCAL DISTRIBUTOR - CARLTON WILLIAMS OF NATIONAL PRODUCTS COMPANY, NEW PROVIDENCE. JENKS NOTED IT IS IRONIC THAT WHILE TURNING DOWN A 75 CENT INCREASE LAST YEAR, THE PRICE COMMISSION HAD JUST AUTHORIZED PRICE INCREASES (PARA 3 ABOVE) DOUBLE OF WHAT BAHAMA CEMENT WAS ASKING. FINALLY, JENKS EMPHASIZED THAT BAHAMA CEMENT HAD GIVEN AMPLE NOTICE TO ALL LOCAL SUPPLIERS OF CEMENT ALLOWING THEM TO SET UP NEW SUPPLIERS FROM THE OUTSIDE.

6. AS NOTED IN ECONOMIC TRENDS REPORT SUBMITTED IN MAY (REF C), 1976 WAS THE BEST YEAR FOR CONSTRUCTION SINCE THE BOOM OF THE 1960S WITH 637 BUILDING STARTS INITIATED IN NEW PROVIDENCE AND FREEPORT. WITH THIS ALMOST 5 PERCENT ACROSS THE BOARD IMMEDIATE INCREASE IN CONSTRUCTION COSTS, IT WILL BE INTERESTING TO OBSERVE WHETHER TOTAL BUILDING STARTS IN 1977 DIP, AND WHETHER INCREASED CONSTRUCTION COSTS MIGHT BE A CONTRIBUTING FACTOR TO A POSSIBLE DAMPENING OF THE ECONOMY.

7. FOR PARAMARIBO AND KINGSTON: SINCE THE FUTURE OF A MAJOR U.S. PLANT FACILITY IS INVOLVED IN THESE NEGOTIATIONS, WE WOULD APPRECIATE ANY INFORMATION WHICH MAY DEVELOP IN YOUR POSTS WHICH MAY HAVE A BEARING ON THE BAUXITE FACILITY LIKELY TO BE LOCATED IN THE BAHAMAS. END LIMITED OFFICIAL USE. TAYLOR

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, CEMENT, FOREIGN INVESTMENTS, PRESS RELEASES, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NASSAU01123
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770273-0302
Format: TEL
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977075/aaaaadmw.tel
Line Count: 163
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: eef7356a-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 NASSAU A-24, 77 NASSAU A-8, 77 NASSAU A-19
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1837505
Secure: OPEN
Status: NATIVE
Subject: NEW PRODUCTION FACILITY AT BAHAMA CEMENT; LOCAL CONSTRUCTION COSTS TO INCREASE
TAGS: EINV, ECON, BF, US, BAHAMA CEMENT CO
To: STATE KINGSTON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/eef7356a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009